



State of Utah
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DIVISION OF OIL, GAS AND MINING

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m/043/004

May 2, 1997

TO: Wayne Hedberg, Minerals Permit Supervisor
FROM: Steve Schneider, O&G Audit Manager *Steve*
RE: 1996 Utelite Corporation Financial Statements

Per Lynn Kunzler's request on April 24, 1997, I have reviewed the 1996 Utelite Corporation ("Utelite") financial statements. In summary, Utelite continued to operate as a profitable company in 1996. Some financial ratios did not show improvement due to a new ten-year loan with First Security which financed a major plant expansion including the addition of a new kiln and supporting equipment.

The following financial information is provided for your review regarding 1996:

1. The current ratio has declined to 2.16 from 2.43 last year. The 1996 current ratio is less than the December 1988 standard of 9.61, however Utelite still maintains a current ratio which is 80% higher than the Board's normal standard of 1.2 or greater.
2. The total liability to net worth ratio has increased in 1996 to .88 from .18 due to an increase in long-term notes payable, as discussed above. The 1996 ratio is greater than the Board's December 1988 standard of .08 or less, but is far less than the Board's normal standard of 2.5 or less.
3. Net fixed assets increased in 1996 by 94% due to the plant expansion in 1996. Fixed assets in 1996 are 360% above the 1988 level.
4. Tangible net worth increased by 8% in 1996. Tangible net worth is 153% above the 1988 level.
5. Net income increased by 42% in 1996, and net income is 400% above 1988's level.

If you have any questions on the above comments or the attached financial ratios, please call.

Attachment
cc: Lowell Braxton

Utelite Financial Ratio Review

	12/88	12/89	12/90	12/91	12/92	12/93	12/94	12/95	12/96
CUR ASSETS/CUR LIABILITIES Normal std of 1.2 or greater Board req'd 12/88 maintained	9.61	12.39	8.46	8.08	17.56	6.24	2.77	2.43	2.16
TOTAL LIABILITIES/NET WORTH Normal std of 2.5 or less Board req'd 12/88 maintained	0.08	0.04	0.07	0.10	0.03	0.08	0.13	0.18	0.88
FIXED ASSETS Normal std of \$20 million Board did not require	\$603,208	\$711,737	\$973,650	\$1,141,181	\$942,346	\$856,031	\$1,485,834	\$1,426,262	\$2,773,550
TANGIBLE NET WORTH Normal std of \$10 million Board did not require	\$1,030,746	\$1,601,482	\$2,077,873	\$2,226,354	\$2,299,031	\$2,391,802	\$2,440,981	\$2,406,078	\$2,608,347
NET INCOME For information only	\$66,018	\$474,664	\$859,584	\$317,529	\$535,435	\$340,936	\$280,836	\$231,760	\$330,121

SLS
5/2/97